

Message Text

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APPROVED BY EUR/SOV:SMCCALL
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P R 160050Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW PRIORITY
AMEMBASSY VIENNA
INFO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 205945

E.O. 11652: GDS

TAGS: EWWT, EEWT, ETRD, UR, US

SUBJECT: MARINE CARGO INSURANCE

REF: MOSCOW 19118 (NOTAL)

1. US SIDE IS PREPARED TO RESUME NEGOTIATIONS ON MARINE
CARGO INSURANCE ON THE CLEAR UNDERSTANDING THAT THE SOVIET
SIDE WILL MAKE A POSITIVE CONTRIBUTION TO THE RESOLUTION
OF OUTSTANDING ISSUES. WITH THIS IN MIND BLACKWELL PROPOSES
THAT THE TWO SIDES MEET EITHER OCTOBER10-11 OR 24-25TO
HOLD MARINE CARGO INSURANCE NEGOTIATIONS. US SIDE ALSO
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PROPOSES THAT VIENNA BE THE SITE FOR THE NEGOTIATIONS AND,
AS IN PAST, TWO SIDES ALTERNATINGLY HOST NEGOTIATING
SESSIONS. PLEASE CONVEY ABOVE TO IVANOV.

2. FOR VIENNA: USG HAS SOUGHT FOR SEVERAL YEARS TO OBTAIN
FAIR SHARE OF MARINE CARGO INSURANCE BUSINESS COVERING US-
SOVIET TRADE FOR US UNDERWRITERS AS PART OF ITS EFFORTS TO

ENSURE THAT US AND SOVIET SIDES BENEFIT MUTUALLY FROM BILATERAL TRADE. BILATERAL MARINE CARGO INSURANCE BUSINESS IS VIRTUALLY MONOPOLIZED BY SOVIETS. US AND SOVIETS HAVE HELD NEGOTIATIONS ON THIS ISSUE IN LONDON SEVERAL TIMES IN PAST TWO YEARS BUT HAVE BEEN UNABLE TO MAKE PROGRESS. AS A RESULT LAST NOVEMBER US UNDERWRITERS

FILED TRADE COMPLAINT UNDER SECTION 301 OF TRADE ACT WITH STR AND PRESIDENT, ACTING UNDER SECTION 301 AUTHORITY, HAS FOUND THAT SOVIETS DISCRIMINATE AGAINST US UNDERWRITERS BY MONOPOLIZING MARINE INSURANCE BUSINESS. SOVIETS FACE PENALTIES UNDER 301 UNLESS THEY RESOLVE THE ISSUE. THEY HAVE NOW REQUESTED NEW NEGOTIATIONS AND HAVE INDICATED THAT THEY ARE PREPARED TO NEGOTIATE SERIOUSLY (REFTEL). CHIEF US NEGOTIATOR ON THIS ISSUE IS ASSISTANT SECRETARY OF COMMERCE FOR MARITIME AFFAIRS ROBERT J. BLACKWELL; ON THE SOVIET SIDE IT IS DEPUTY MINISTER OF FOREIGN TRADE VIKTOR IVANOV.

3. BRITISH GOVERNMENT HAS TOLD US THAT IT WILL NOT BE ABLE TO ISSUE VISAS TO SOVIET DELEGATION IN FUTURE. DEPARTMENT BELIEVES THAT VIENNA, AS FRIENDLY NEUTRAL CAPITAL, WOULD BE SUITABLE SITE FOR MARINE INSURANCE NEGOTIATIONS AND UNDERSTANDS THAT THERE WOULD NOT BE VISA PROBLEMS FOR SOVIETS THERE. ALSO UNDERSTAND EMBASSY IS ABLE TO HOST NEGOTIATING SESSIONS OF ABOUT SIXTEEN PERSONS, COUNTING BOTH CONFIDENTIAL

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DELEGATIONS. DEPARTMENT WOULD APPRECIATE EMBASSY VIENNA'S COMMENT ON THE POSSIBILITY OF HOLDING THE MARINE INSURANCE NEGOTIATIONS IN VIENNA AND ON THE ATTITUDE OF THE AUSTRIAN GOVERNMENT.

4. DEPARTMENT POUCHING REFTEL TO VIENNA. CHRISTOPHER

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